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Trend Management Group, Inc.

28

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

OCT 31 2006

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

DOCKETED BY

In the matter of:

DOCKET No. S-20476A-06-0557

Trend Management Group., Inc., a Nevada
corporation
8601 Six Forks Road, Suite 400
Raleigh, NC 27615

**RESPONSE TO NOTICE OF
OPPORTUNITY**

Scott Renny Bogue, Sr. (DRD #1588216) and
Arlene Jane Bogue, husband and wife
12308 Camberwell Court
Raleigh, NC 27614

Ryan James Herndon and Lori Darlene
Herndon
(a.k.a. Lori J. Herndon a.k.a. Lori Jordan,
husband and wife
609 East Silverwood Drive
Phoenix, AZ 85048

Trend Capital, LLC, an Arizona limited
liability company
4025 East Chandler Blvd., Suite 70F15
Phoenix, AZ 85048

AZ CORP COMMISSION
DOCUMENT CONTROL

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RECEIVED

1 Linda Bryant Jordan (a.k.a. Linda Van
2 Vranken a.k.a. Linda Jordan-Van Vranken), a
3 married person, individually and doing
4 business as The Trend Group, Inc.
3641 East Park Avenue
Phoenix, AZ 85044

5 Russell Langdon Van Vranken, husband of
6 Linda Bryant Jordan
3641 East Park Avenue
7 Phoenix, AZ 85044

8 Easy Street Financial Group, Inc., an Arizona
9 corporation
10 9949 West Bell Road, #202
11 Sun City, AZ 85371

12 Respondents Trend Management Group, Inc. and Scott and Arlene Bogue
13 (collectively referred to herein as TMG) answer the Notice of Opportunity filed by the
14 Arizona Corporation Commission, as follows :

15 **I. JURISDICTION**

16
17 1. Regarding Paragraph 1 of the Notice, TMG denies due to insufficient
18 information whether the Commission has jurisdiction over this matter pursuant to Article
19 XV of the Arizona Constitution, and the Securities Act.

20 **II. RESPONDENTS**

21 2. Regarding Paragraph 2 of the Notice, TMG admits TREND
22 MANAGEMENT GROUP, INC. is a Nevada corporation with a business address of
23 8601 Six Forks Road, Suite 400, Raleigh, NC 27615.

24 3. Regarding Paragraph 3 of the Notice, TMG admits SCOTT RENNY
25 BOGUE, SR., an individual, is a resident of the state of North Carolina, whose
26 residential address is 12308 Camberwell Court, Raleigh, NC 27614.

27 4. Regarding Paragraph 4 of the Notice, TMG admits ARLENE JANE
28

1 BOGUE was at all relevant times the spouse of SCOTT RENNY BOGUE, SR., admits
2 that ARLENE JANE BOGUE is joined in this action under A.R.S. § 44-2031(C) solely
3 for purposes of determining the liability of the marital community, but denies that
4 community property laws apply in this case and affirmatively allege that the Securities
5 Division has no jurisdiction over ARLENE JANE BOGUE. Since there is no such thing
6 as community property law in North Carolina, the State in which the couple is
7 domiciled, there is no marital community and, as a consequence, SCOTT RENNY
8 BOGUE, SR. and ARLENE JANE BOGUE deny that any acts were taken for the benefit
9 or in furtherance of the marital community.
10

11 5. Regarding Paragraph 5 of the Notice, TMG denies due to insufficient
12 information whether RYAN JAMES HERNDON, an individual, is a resident of the state
13 of Arizona, whose residential address is 609 East Silverwood Drive, Phoenix, AZ 85048.

14 6. Regarding Paragraph 6 of the Notice, TMG denies due to insufficient
15 information whether LORI DARLENE HERNDON (A.K.A. LORI J. HERNDON
16 A.K.A. LORI JORDAN) was at all relevant times the spouse of RYAN JAMES
17 HERNDON. LORI DARLENE HERNDON (A.K.A. LORI J. HERNDON A.K.A. LORI
18 JORDAN) or whether she is joined in this action under A.R.S. § 44-2031(C) solely for
19 purposes of determining the liability of the marital community or whether RYAN
20 JAMES HERNDON and LORI DARLENE HERNDON (A.K.A. LORI J. HERNDON
21 A.K.A. LORI JORDAN) were acting for their own benefit, and for the benefit or in
22 furtherance of the marital community.

23 7. Regarding Paragraph 7 of the Notice, TMG admits TREND CAPITAL,
24 LLC is an Arizona limited liability company but is unaware of its current business
25 address, if any.
26

27 8. Regarding Paragraph 8 of the Notice, TMG denies due to insufficient
28 information whether LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN

1 A.K.A. LINDA JORDAN-VAN VRANKEN), an individual, is a resident of the state of
2 Arizona. Her residential address is 3641 East Park Avenue, Phoenix, AZ 85044.

3 9. Regarding Paragraph 9 of the Notice, TMG denies due to insufficient
4 information whether LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN
5 A.K.A. LINDA JORDAN-VAN VRANKEN) has transacted business under the name
6 THE TREND GROUP, INC. with a last known business address of 9180 S. Kyrene,
7 Suite 112, Tempe, AZ 85044. THE TREND GROUP, INC. made an initial application to
8 register as a corporation in the state of Nevada on or about June 22, 2005; however, the
9 corporation was never organized and is currently in default of the application process.
10

11 10. Regarding Paragraph 10 of the Notice, TMG denies due to insufficient
12 information whether RUSSELL LANGDON VAN VRANKEN was at all relevant times
13 the spouse of LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A.
14 LINDA JORDAN-VAN VRANKEN), or whether RUSSELL LANGDON VAN
15 VRANKEN is joined in this action under A.R.S. § 44-2031(C) solely for purposes of
16 determining the liability of the marital community or whether, at all times relevant,
17 LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA
18 JORDAN-VAN VRANKEN) and RUSSELL LANGDON VAN VRANKEN were acting
19 for their own benefit, and for the benefit or in furtherance of the marital community.

20 11. Regarding Paragraph 11 of the Notice, TMG denies due to insufficient
21 information whether EASY STREET FINANCIAL GROUP, INC. is an Arizona
22 corporation with a last known business address of 9949 West Bell Road #202, Sun City,
23 AZ 85371.

24 12. Regarding Paragraph 12 of the Notice, TMG denies due to insufficient
25 information whether CHRISTOPHER ELLIS MARX, an individual, is a resident of the
26 state of Arizona. His last known address is 6623 West Desert Hollow Drive, Glendale, AZ
27 85310.
28

1 13. Regarding Paragraph 13 of the Notice, TMG denies due to insufficient
2 information whether JANE DOE MARX was at all relevant times the spouse of
3 CHRISTOPHER ELLIS MARX. JANE DOE MARX is a fictitious name used to describe
4 any person married to CHRISTOPHER ELLIS MARX. JANE DOE MARX is joined in
5 this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of
6 the marital community. At all times relevant, CHRISTOPHER ELLIS MARX and JANE
7 DOE MARX were acting for their own benefit, and for the benefit or in furtherance of the
8 marital community.
9

10 14. Regarding Paragraph 14 of the Notice, TMG denies due to insufficient
11 information whether SCOT ALAN OGLESBY, an individual, is a resident of the state of
12 Arizona. His residential address is 36322 North 12th Avenue, Desert Hills, AZ 85086.

13 15. Regarding Paragraph 15 of the Notice, TMG denies due to insufficient
14 information whether LORI ANN OGLESBY was at all relevant times the spouse of
15 SCOT ALAN OGLESBY, or whether LORI ANN OGLESBY is joined in this action
16 under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital
17 community or whether, at all times relevant, SCOT ALAN OGLESBY and LORI ANN
18 OGLESBY were acting for their own benefit, and for the benefit or in furtherance of the
19 marital community.

20 16. Regarding Paragraph 16 of the Notice, TMG denies that TREND
21 MANAGEMENT GROUP, INC. was doing business as either or all of TREND
22 CAPITAL, LLC, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN
23 A.K.A. LINDA JORDAN-VAN VRANKEN) doing business as THE TREND GROUP,
24 INC., and EASY STREET FINANCIAL GROUP, INC. may be collectively referred to as
25 “RESPONDENT ENTITIES.” Trend Management Group denies that these entities were
26 or should be referred to, collectively, as the “Respondent Entities.”

27 17. Regarding Paragraph 17 of the Notice, TMG denies that SCOTT RENNY
28

1 BOGUE, SR., RYAN JAMES HERNDON, LINDA BRYANT JORDAN (A.K.A.
2 LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN),
3 CHRISTOPHER ELLIS MARX, and SCOT ALAN OGLESBY may be collectively
4 referred to as "RESPONDENTS." Hereinafter, Scott Bogue shall be referred to either as
5 "Bogue" or "Respondent" or "TMG" (strictly as a matter of convenience and not to denote
6 or to admit that Bogue and TMG were alter egos of each other.
7

8 18. Regarding Paragraph 18 of the Notice, TMG denies that ARLENE JANE
9 BOGUE should be collectively referred to as "Respondent Spouses." She has already
10 denied the Division's attempt to gain jurisdiction over her based upon community property
11 law principles. She had and has no other involvement in the events or activities or charges
12 alleged in the Complaint.

13 III. FACTS

14 A. OVERVIEW OF TREND SECURITIES OFFERINGS

15 19. Regarding Paragraph 19 of the Notice, TMG admits TREND
16 MANAGEMENT GROUP, INC. ("TREND MANAGEMENT") was formed in 2001 to
17 engage in the business of purchasing, managing, servicing and selling distressed consumer
18 receivables. Distressed consumer receivables are the unpaid debts of individuals that are
19 owed to banks, finance companies and other credit providers.

20 20. Regarding Paragraph 20 of the Notice, TMG admits that, beginning in
21 approximately 2001, TREND MANAGEMENT began offering and selling exempt
22 securities in the form of preferred stock to the public. Through three separate private
23 placement memoranda dated in 2001, 2002 and 2003 TREND MANAGEMENT
24 attempted to raise \$10,000,000 through the sale of its preferred shares at an offering price
25 of \$1.00 per share. According to the private placement memoranda, the preferred shares
26 were to be offered for sale to accredited investors only in the States of Arizona, California
27 and North Carolina. During the relevant time period, approximately 28 individual
28

1 investors purchased approximately \$1,000,000 of preferred shares in TREND
2 MANAGEMENT. During all relevant times, SCOTT RENNY BOGUE, SR. ("BOGUE")
3 and RYAN JAMES HERNDON ("HERNDON") were reflected as officers, directors and
4 shareholders of TREND MANAGEMENT.
5

6 21. Regarding Paragraph 21 of the Notice, TMG denies that beginning in late
7 2003, BOGUE and HERNDON created a scheme to begin raising money from the public
8 to finance the operations of TREND MANAGEMENT. Documents received by investors
9 indicated the investors were offered and sold either (i) a "membership" in TREND
10 CAPITAL, LLC ("TREND CAPITAL") through the purchase of "certificates of
11 participation" or (ii) "debt receivables" purchased by the investor and serviced through
12 TREND CAPITAL (collectively, the "TREND CAPITAL Certificates of Participation").
13 The TREND CAPITAL Certificates of Participation were securities in the form of an
14 investment contract and/or a participation in a profit sharing arrangement and/or an
15 evidence of indebtedness.

16 22. Regarding Paragraph 22 of the Notice, TMG denies due to insufficient
17 information whether the TREND CAPITAL Certificates of Participation were sold
18 primarily through licensed insurance agents using a "bait and switch" operation run by
19 EASY STREET FINANCIAL GROUP, INC. ("EASY STREET"), CHRISTOPHER
20 ELLIS MARX ("MARX"), and SCOT ALAN OGLESBY ("OGLESBY"). BOGUE and
21 HERNDON informed MARX, OGLESBY and other EASY STREET salespeople that the
22 TREND CAPITAL Certificates of Participation were not securities and that the salespeople
23 did not need a securities license to sell the investment. BOGUE informed EASY STREET
24 salespeople, including MARX and OGLESBY, that the TREND CAPITAL Certificates of
25 Participation were broken down into smaller, divided interests for them to sell, and
26 therefore the preferred stock sold by TREND MANAGEMENT lost its character as a
27 security. TMG never heard of Chris Marx until February, 2004 and first heard of Scott
28 Olgesby in Arizona in March, 2005.

1 23. Regarding Paragraph 23 of the Notice, TMG denies that between
2 approximately January 5, 2004 and September 30, 2005, TREND MANAGEMENT raised
3 in excess of \$8,900,000.00 from over 300 investors, the majority of which are Arizona
4 residents, by selling the TREND CAPITAL Certificates of Participation. The investors in
5 the TREND CAPITAL Certificates of Participation were largely unaccredited and
6 unsophisticated. Many of the investors were elderly. TMG had nothing to do with the
7 activities of Trend Capital or Easy Street except that funds raised by Trend Capital were
8 invested in Trend Management and were used to buy debt portfolios.

9 24. Regarding Paragraph 24 of the Notice, TMG denies due to insufficient
10 information whether the majority of funds raised from the sale of the TREND CAPITAL
11 Certificates of Participation were transferred directly or indirectly from TREND CAPITAL
12 to the control of TREND MANAGEMENT. Such funds as were received in U.S. Bank
13 Trust were used to finance TREND MANAGEMENT'S business of purchasing, managing,
14 servicing and selling distressed consumer receivables per its business plan.

15 25. Regarding Paragraph 25 of the Notice, TMG denies that Bogue was aided
16 and abetted by anyone and, due to insufficient information, denies whether HERNDON
17 was aided and abetted by LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN
18 A.K.A. LINDA JORDAN-VAN VRANKEN) ("JORDAN") who did business under the
19 name THE TREND GROUP, INC. ("TREND GROUP"). TMG does not know whether
20 bank accounts were opened under the name of TREND GROUP or whether such accounts
21 facilitated the business operations of TREND CAPITAL by handling investor funds and
22 paying business expenses.

23 **B. TREND MANAGEMENT GROUP, INC.**

24 26. Regarding Paragraph 26 of the Notice, TMG admits that TREND
25 MANAGEMENT GROUP, INC. ("TREND MANAGEMENT") is doing business in the
26 state of Arizona. TREND MANAGEMENT made application to transact business as a
27 foreign corporation with the state of Arizona, domiciled in Nevada, on or about February 1,
28

1 2001. TREND MANAGEMENT was organized as a corporation under the laws of the
2 state of Nevada on or about February 5, 2001.

3 27. Regarding Paragraph 27 of the Notice, TMG denies due to insufficient
4 information whether TREND MANAGEMENT is not registered to sell securities in the
5 state of Arizona. TMG hired Cambell-Mello Associates of Las Vegas, Nevada, to perform
6 the minimal Blue Sky notice requirements pertinent to exempt securities in Arizona and
7 elsewhere and believed, at all materials times, because it was never informed to the
8 contrary, that the minimal notice requirements had been met in Arizona and elsewhere.

9 28. Regarding Paragraph 28 of the Notice, TMG admits that BOGUE is the
10 President and CEO of TREND MANAGEMENT according to corporation documents filed
11 in the state of Nevada and the state of Arizona.

12 29. Regarding Paragraph 29 of the Notice, TMG admits that TREND
13 MANAGEMENT'S June 1, 2001 Private Placement Memorandum ("PPM #1") reflects
14 that BOGUE was the Chief Executive Officer ("CEO") and Director of TREND
15 MANAGEMENT and held 34% of TREND MANAGEMENT'S common stock. PPM #1
16 reflects that BOGUE would draw an annual salary and bonus as CEO and Director of
17 TREND MANAGEMENT. However, throughout the years, BOGUE never took more
18 than a very small percentage of the salaries and bonuses to which he was entitled.

19 30. Regarding Paragraph 30 of the Notice, TMG admits that TREND
20 MANAGEMENT'S June 1, 2002 Private Placement Memorandum ("PPM #2") reflects that
21 BOGUE was the President of TREND MANAGEMENT and held 34% of TREND
22 MANAGEMENT'S common stock. PPM #2 reflects that BOGUE would draw an annual
23 salary as President of TREND MANAGEMENT. However, throughout the years,
24 BOGUE never took more than a very small percentage of the salaries and bonuses to which
25 he was entitled.

26 31. Regarding Paragraph 31 of the Notice, TMG admits that TREND
27 MANAGEMENT'S July 20, 2003 Private Placement Memorandum ("PPM #3") reflects
28

1 that BOGUE is the President and Treasurer of TREND MANAGEMENT and holds 50%
2 of TREND MANAGEMENT'S issued common stock. PPM #3 reflects that BOGUE draws
3 an annual salary and annual bonus as President and Treasurer of TREND
4 MANAGEMENT. However, throughout the years, BOGUE never took more than a very
5 small percentage of the salaries and bonuses to which he was entitled.

6 32. Regarding Paragraph 32 of the Notice, TMG admits that RYAN JAMES
7 HERNDON ("HERNDON") was the Secretary of TREND MANAGEMENT according to
8 the records of the Arizona Corporation Commission, Corporations Division, until BOGUE
9 removed him in late-2004.

10 33. Regarding Paragraph 33 of the Notice, TMG admits that PPM #1 reflects
11 that HERNDON was the President and Director of TREND MANAGEMENT and held
12 33% of TREND MANAGEMENT'S common stock. PPM #1 reflects that HERNDON
13 would draw an annual salary and bonus as President and Director of TREND
14 MANAGEMENT. Upon information and belief, like BOGUE, HERNDON did not take
15 more than a very small percentage of the salary and bonuses to which he may have been
16 entitled.

17 34. Regarding Paragraph 34 of the Notice, TMG admits that PPM #2 reflects
18 that HERNDON was the Vice President and Secretary of TREND MANAGEMENT and
19 held 33% of TREND MANAGEMENT'S common stock. PPM #2 reflects that HERNDON
20 would draw an annual salary and bonus as Vice President and Secretary of TREND
21 MANAGEMENT. Upon information and belief, like BOGUE, HERNDON did not take
22 more than a very small percentage of the salary and bonuses to which he may have been
23 entitled.

24 35. Regarding Paragraph 35 of the Notice, TMG admits that PPM #3 reflects
25 that HERNDON is the Vice President and Secretary of TREND MANAGEMENT and
26 holds 50% of TREND MANAGEMENT'S common stock. PPM #3 reflects that
27 HERNDON draws an annual salary and bonus as Vice President and Secretary of TREND
28

1 MANAGEMENT. Upon information and belief, like BOGUE, HERNDON did not take
2 more than a very small percentage of the salary and bonuses to which he may have been
3 entitled.

4 36. Regarding Paragraph 36 of the Notice, TMG admits that, beginning on or
5 about September 24, 2001 until on or about May, 2004 TREND MANAGEMENT sold
6 shares of its A and B preferred stock to individuals. and denies that purchases were made
7 as late as September 29, 2004,

8 37. Regarding Paragraph 37 of the Notice, TMG admits/denies/due to
9 insufficient information whether TREND MANAGEMENT preferred stock was issued to
10 approximately 28 individual investors.

11 38. Regarding Paragraph 38 of the Notice, TMG admits that Individual
12 investors paid TREND MANAGEMENT approximately \$1,000,000.00. Approximately
13 six (6) of the twenty-three (23) individual investors are Arizona residents. Some had more
14 than one account, leading to the discrepancy in the figures as between the Complaint and
15 this Response.

16 39. Regarding Paragraph 39 of the Notice, TMG denies that TREND
17 MANAGEMENT represented to investors that the TREND MANAGEMENT'S stock was
18 a security that was exempt from registration and affirmatively alleges that it told all
19 prospective investors that they were Regulation D offerings that needed to comply with
20 requisite Arizona Blue Sky requirements. That statement was, and is, true and, at all
21 material times, TMG believed it had complied with those requirements.

22 40. Regarding Paragraph 40 of the Notice, TMG admits that TREND
23 MANAGEMENT issued a personal loan to BOGUE in the amount of \$100,000.00 on or
24 about September 29, 2004, that TREND MANAGEMENT issued a personal loan to
25 HERNDON in the amount of \$100,000.00 on or about May 18, 2005, deny that TREND
26 MANAGEMENT, BOGUE, or HERNDON were required to disclose the same to investors
27
28

1 that TREND MANAGEMENT would use investor funds to make personal loans to
2 BOGUE and HERNDON, because the funds used were not investors funds. Bogue and
3 Herndon were entitled to take salaries and bonuses that, voluntarily, they did not take.
4 Such salaries as were taken, as well as the two loans, were taken from an Expense Account
5 created within the TMG Trust. Indeed, the largest investor in TMG, Trend Capital,
6 approved the loans, in writing, through Herndon. The Trust Officials, acting in accordance
7 with the provisions of the Trust Indenture, approved the loans and such salaries as were
8 taken and all were openly listed within the appropriate annual TMG financial statements.
9 TMG affirmatively alleges that the loan taken by Bogue is very much smaller than the
10 salaries and bonuses to which he was entitled and further affirmatively alleges that the
11 "back-end" of the debt portfolios was supposed to generate profit to Bogue of from \$2 to
12 \$4 Million after all investors had been repaid (i.e., the Individual Investors, all of whom
13 have, as of this date, been repaid, and Trend Capital, the largest TMG investor).

14
15 41. Regarding Paragraph 41 of the Notice, TMG admits TREND
16 MANAGEMENT paid finder's fees; not sales commissions, to persons who directed
17 business referrals to TMG and denies the balance of the allegations not specifically
18 admitted.

19 42. Regarding Paragraph 42 of the Notice, TMG denies that TREND
20 MANAGEMENT paid sales commissions for the sale of the TREND MANAGEMENT
21 stock. TMG admits that it paid a finder's fee to Herndon and denies that TREND
22 MANAGEMENT and BOGUE knew or intended that the finder's fees were subsequently
23 being paid to EASY STREET for the sale of the TREND CAPITAL Certificates of
24 Participation until substantially after the fact and not because there was any requirement
25 that Herndon disclose any of Trend Capital's activities to Trend Management. What Trend
26 Capital did was entirely its own business and was not disclosed to TMG, nor did it need to
27 be disclosed to TMG.

28 43. Regarding Paragraph 43 of the Notice, TMG admit that in 2001, the state of

1 Pennsylvania entered an Order against BOGUE in Commonwealth of Pennsylvania,
2 Pennsylvania Securities Commission vs. Trend Invest, LP, JC Partners, LLC, Scott R.
3 Bogue, Linda L. Eberly, and David Brubaker for violating the registration and anti-fraud
4 provisions of the Pennsylvania Securities Act and affirmatively alleges that all of Bogues'
5 clients received 100% of their investment along with profits.
6

7 44. Regarding Paragraph 44 of the Notice, TMG admits that BOGUE is not
8 currently registered to sell securities in the state of Arizona, nor that he was registered at
9 any time relevant to this Notice, and affirmatively alleges that Bogue and TMG believed, at
10 all material times, that they were offering exempt securities under Regulation D and that
11 Arizona's Blue Sky requirements had been addressed by Campbell-Mello Associates.
12 BOGUE has previously been registered to sell securities in Arizona (CRD# 1588216) from
13 June 6, 1988 to February 28, 1989, from July 14, 1989 to September 23, 1989 and from
14 January 24, 1991 to February 27, 1991. BOGUE applied for salesman registration with the
15 state of Arizona on June 3, 2003, but was not registered by the state of Arizona.
16

17 C. TREND CAPITAL, LLC

18 45. Regarding Paragraph 45 of the Notice, TMG denies due to insufficient
19 information whether TREND CAPITAL is doing business in the state of Arizona or
20 whether TREND CAPITAL was organized as a limited liability company under the laws
21 of the state of Arizona on or about September 10, 2003.

22 46. Regarding Paragraph 46 of the Notice, TMG denies due to insufficient
23 information whether HERNDON is the only named managing member of TREND
24 CAPITAL and the sole member of TREND CAPITAL.

25 47. Regarding Paragraph 47 of the Notice, TMG denies due to insufficient
26 information whether HERNDON is not registered to sell securities in the state of Arizona.
27 TREND CAPITAL is not registered to sell securities in the state of Arizona.

28 48. Regarding Paragraph 48 of the Notice, TMG admits the majority

1 (approximately 90%) of the TREND MANAGEMENT preferred stock was issued to
2 TREND CAPITAL and that TREND CAPITAL directed approximately \$8,900,000.00 to
3 the U.S. Bank Trust Account maintained for the benefit of TMG. Upon information and
4 belief, TREND CAPITAL held the TREND MANAGEMENT preferred stock in its own
5 business name and was the owner of record. TREND CAPITAL raised the funds it used to
6 purchase TREND MANAGEMENT preferred stock by selling and issuing TREND
7 CAPITAL Certificates of Participation to its investors.
8

9 49. Regarding Paragraph 49 of the Notice, TMG denies due to insufficient
10 information whether between on or about January 5, 2004 to on or about October 2005,
11 TREND CAPITAL raised over \$8,900,000.00 from investors through the sale of the
12 TREND CAPITAL Certificates of Participation, or whether TREND CAPITAL issued the
13 TREND CAPITAL Certificates of Participation to approximately 310 investors, or
14 whether, of the 310 investors, approximately 247 investors are Arizona residents. TMG
15 has furnished the Division with a list of those persons who it is aware have claimed to
16 have invested in Trend Capital. As of September 26, 2006, the date upon which the list
17 was compiled, the totals of claimed investments in Trend Capital greatly exceed the funds
18 forwarded to or for the benefit of TMG.

19 50. Regarding Paragraph 50 of the Notice, TMG denies due to insufficient
20 information whether TREND CAPITAL established bank accounts at US Bank which
21 were the repository for TREND CAPITAL Certificates of Participation investor money.
22 Investors in the TREND CAPITAL Certificates of Participation typically made out checks
23 to Trend/US Bank.

24 51. Regarding Paragraph 51 of the Notice, TMG denies due to insufficient
25 information whether TREND CAPITAL used sales agents to solicit investors in the
26 TREND CAPITAL Certificates of Participation or whether sales agents were usually
27 licensed insurance producers who were not licensed to sell securities.

28 52. Regarding Paragraph 52 of the Notice, TMG denies due to insufficient

1 information whether investors in the TREND CAPITAL Certificates of Participation
2 came from many sources - those directly solicited by TREND CAPITAL, those solicited
3 by other independent sales agents in cities around the United States, and those solicited by
4 EASY STREET.

5 53. Regarding Paragraph 53 of the Notice, TMG denies due to insufficient
6 information whether The majority of the investors in the TREND CAPITAL Certificates
7 of Participation were garnered through EASY STREET. EASY STREET clients invested
8 over \$8,400,000 in the TREND CAPITAL Certificates of Participation.

9 **D. THE TREND GROUP, INC.**

10 54. Regarding Paragraph 54 of the Notice, TMG denies due to insufficient
11 information whether THE TREND GROUP, INC. ("TREND GROUP") is doing business
12 in the state of Arizona, whether TREND GROUP attempted to register as a corporation in
13 the State of Nevada on June 22, 2005, or whether it failed to follow through with
14 incorporation requirements and is currently in default as of August 1, 2005.

15 55. Regarding Paragraph 55 of the Notice, TMG denies due to insufficient
16 information whether TREND GROUP is not registered to sell securities in the state of
17 Arizona.

18 56. Regarding Paragraph 56 of the Notice, TMG denies due to insufficient
19 information whether, in or about April 2005, JORDAN began doing business as TREND
20 GROUP, whether the name of TREND GROUP was purposely established to closely
21 resemble the name of TREND CAPITAL, or whether it was meant to, or did, have the
22 effect of leading investors to believe that the entities were the same entity or a closely
23 related entity.

24 57. Regarding Paragraph 57 of the Notice, TMG denies due to insufficient
25 information whether, during 2005, TREND GROUP and JORDAN opened bank accounts
26 at US Bank, or whether JORDAN was the only account holder on the TREND GROUP
27 bank accounts, or whether JORDAN was the only signer on those accounts.
28

1 58. Regarding Paragraph 58 of the Notice, TMG denies due to insufficient
2 information whether one of the US Bank TREND GROUP accounts was used to
3 distribute funds to TREND CAPITAL investors, whether another one of the accounts was
4 used, amongst other things, to deposit investor money for TREND CAPITAL Certificates
5 of Participation investments, or whether that same account was the account that paid the
6 business expenses of TREND CAPITAL, including salaries, office space rental, office
7 supplies, utilities, and office furniture.

8 59. Regarding Paragraph 59 of the Notice, TMG denies due to insufficient
9 information whether The TREND GROUP account at US Bank received deposits from
10 TREND MANAGEMENT.

11 60. Regarding Paragraph 60 of the Notice, TMG denies due to insufficient
12 information whether the written sales material presented to some investors included a
13 brochure with the name Trend Group, whether correspondence to investors was sent out
14 on Trend Group stationary, or whether sales agents were given business cards with Linda
15 Jordan's name as the Director of Client Services of The Trend Group.

16
17 **E. EASY STREET FINANCIAL GROUP, INC.**

18 61. Regarding Paragraph 61 of the Notice, TMG denies due to insufficient
19 information whether EASY STREET is doing business in the state of Arizona. EASY
20 STREET filed as a corporation with the state of Arizona on or about August 24, 2000.

21 62. Regarding Paragraph 62 of the Notice, TMG denies due to insufficient
22 information whether EASY STREET is not registered to sell securities in the state of
23 Arizona.

24 63. Regarding Paragraph 63 of the Notice, TMG denies due to insufficient
25 information whether MARX is an individual who is the President of EASY STREET, a
26 Director, and a Shareholder from EASY STREET'S inception on August 24, 2000 until the
27 present, according to the records of the Arizona Corporation Commission, Corporations
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1 Division or whether MARX has been the Secretary and Treasurer of EASY STREET
2 since December 31, 2001 until the present.

3 64. Regarding Paragraph 64 of the Notice, TMG denies due to insufficient
4 information whether MARX has previously been registered to sell securities in the state of
5 Arizona (CRD# 2186523) from October 20, 1992 to September 5, 1995 or whether
6 MARX is not currently registered to sell securities in the state of Arizona, nor licensed to
7 sell securities at any time relevant to this instant Notice.

8 65. Regarding Paragraph 65 of the Notice, TMG denies due to insufficient
9 information whether OGLESBY is an individual who was the Vice President of EASY
10 STREET from August 24, 2000 until December 31, 2001, and then again from April 14,
11 2003 until September 1, 2005, according to the records of the Arizona Corporation
12 Commission, Corporations Division, whether OGLESBY was also a Director and a
13 Shareholder from August 24, 2000 until approximately December 31, 2001 or whether
14 OGLESBY is not registered to sell securities in the state of Arizona.

15 66. Regarding Paragraph 66 of the Notice, TMG denies due to insufficient
16 information whether In or about September 1999, EASY STREET began advertising high
17 interest rate CD's in local newspapers or whether, typically, when investors would arrive at
18 the EASY STREET office, they would meet with a salesperson who would offer them
19 additional investment opportunities in insurance products, or whether, after January 1,
20 2004, those additional investment opportunities included investing in the TREND
21 CAPITAL Certificates of Participation, or whether both EASY STREET and EASY
22 STREET salespeople would make a commission on the sale of the TREND CAPITAL
23 Certificates of Participation.

24 67. Regarding Paragraph 67 of the Notice, TMG denies due to insufficient
25 information whether EASY STREET salespeople were licensed insurance producers in
26 the state of Arizona during the times relevant to the petition, including, but not limited to
27 MARX and OGLESBY.
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1 68. Regarding Paragraph 68 of the Notice, TMG denies due to insufficient
2 information whether EASY STREET's salespeople were not licensed securities salesmen
3 during the times relevant to this instant Notice, including, but not limited to MARX and
4 OGLESBY.

5 69. Regarding Paragraph 69 of the Notice, TMG denies due to insufficient
6 information whether, by 2004, EASY STREET had expanded from its original office
7 location in Carefree, Arizona to six office locations in Scottsdale, Sun City, Tempe,
8 Gilbert, Prescott, and Yuma or whether EASY STREET had opened offices in Nevada,
9 California, Florida, and North Carolina.

10 70. Regarding Paragraph 70 of the Notice, TMG denies due to insufficient
11 information whether EASY STREET filed as a foreign corporation with the state of
12 Nevada on or about February 27, 2003 with MARX as the named President, Secretary and
13 Treasurer, or whether, on November 24, 2004, the State of Nevada, Office of the Secretary
14 of State issued a Permanent Order In the Matter of Easy Street Financial Group, Inc.,
15 Christopher E. Marx, and Scot Oglesby, File No. 103-054, to cease and desist from
16 violating the Nevada Securities Laws.

17 71. Regarding Paragraph 71 of the Notice, TMG denies due to insufficient
18 information whether on or about March 6, 2003, EASY STREET was filed as a foreign
19 corporation in the state of California.

20 72. Regarding Paragraph 72 of the Notice, TMG denies due to insufficient
21 information whether on or about June 4, 2004, EASY STREET filed as a foreign
22 corporation in the state of Florida, with MARX as the named President and OGLESBY as
23 the named Vice President.

24 73. Regarding Paragraph 73 of the Notice, TMG denies due to insufficient
25 information whether on or about April 27, 2004 EASY STREET filed as foreign
26 corporation in the State of North Carolina or whether, according to EASY STREET'S
27 application, MARX is listed as the corporation's President. BOGUE is listed as an Officer
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1 of EASY STREET, as well as the Registered Agent. TMG affirmatively alleges that
2 MARX, who Bogue had come to know, offered to give Bogue an opportunity to operate
3 an EASY STREET office in North Carolina. Bogue was not intimately familiar with
4 EASY STREET's business operations and, it is noted, the Division does not allege, as a
5 fact, that he was but merely alleges that "upon information and belief", he was. This is
6 contrary to evidence the Division already had in its possession at the time it filed this action
7 and, like many other things in the Petition, it signals the bad faith with which the Division is
8 proceeding as against TMG. TMG denies due to insufficient information whether, as of the
9 filing of the Petition, EASY STREET is recognized in the state of North Carolina as a
10 current and active corporation or whether, as of this date, the mailing address for EASY
11 STREET in North Carolina is the same address as TREND MANAGEMENT. TMG
12 affirmatively alleges that the address and suite number utilized by Easy Street was in an
13 executive street and that many other businesses, perhaps as many as 100, simultaneously
14 utilized the same address and suite number.

15 **(1) Beginning of the Easy Street/Trend Capital/Trend Management Relationship**

16 74. Regarding Paragraph 74 of the Notice, TMG denies that, in 2003, EASY
17 STREET, MARX, and OGLESBY developed a relationship with BOGUE. The Division
18 was well aware when it filed its Petition, that BOGUE never even heard of MARX or
19 OGLESBY until approximately February, 2004.

20 75. Regarding Paragraph 75 of the Notice, TMG denies due to insufficient
21 information whether in late 2003, HERNDON met with EASY STREET representatives
22 MARX and OGLESBY and assured them that a securities license was not necessary in
23 order to sell The TREND CAPITAL Certificates of Participation and denies that BOGUE
24 ever told OGLESBY those things about TREND CAPITAL as are alleged in the Petition.

25 76. Regarding Paragraph 76 of the Notice, TMG denies due to insufficient
26 information whether no EASY STREET representative, including MARX and
27 OGLESBY, exercised any due diligence in any investigation regarding the legitimacy of the
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1 TREND MANAGEMENT investment or whether no EASY STREET representative,
2 including MARX and OGLESBY, exercised any due diligence in any investigation
3 regarding BOGUE or HERNDON.

4 77. Regarding Paragraph 77 of the Notice, TMG denies that, in late 2003, at a
5 meeting with all EASY STREET salespeople, BOGUE presented the TREND CAPITAL
6 Certificates of Participation investment as a product to offer investors. There was no such
7 meeting in 2003 that BOGUE attended and the Division knew the same when it filed the
8 Petition. TMG denies the balance of the allegations in ¶ 77. TMG affirmatively alleges,
9 as the Division knows and knew when it filed the Petition, that BOGUE first heard of
10 EASY STREET in February 2004 based upon a call he received from the Trust Officer at
11 U.S. Bank Trust in Atlanta. As a result of that call, in March, 2004, Bogue traveled to
12 Arizona and met with persons represented to be Easy Street agents (at a Chinese
13 Restaurant).

14 **(2) SECURITIES SALES BY EASY STREET**

15 78. Regarding Paragraph 78 of the Notice, TMG denies due to insufficient
16 information whether EASY STREET, MARX and OGLESBY sold the TREND
17 CAPITAL Certificates of Participation beginning at least as early as January 5, 2004 until
18 at least October 7, 2004.

19 79. Regarding Paragraph 79 of the Notice, TMG denies due to insufficient
20 information whether EASY STREET salespeople, including MARX and OGLESBY,
21 offered the TREND CAPITAL Certificates of Participation investment to individuals, when
22 an investor would respond to a high interest rate CD advertisement.

23 80. Regarding Paragraph 80 of the Notice, TMG denies due to insufficient
24 information whether EASY STREET salespeople failed to make a distinction between the
25 business entities of TREND MANAGEMENT, TREND CAPITAL and TREND GROUP
26 or whether EASY STREET salespeople told some investors that the investment was with a
27 debt collection agency called Trend.
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1 81. Regarding Paragraph 81 of the Notice, TMG admits that written sales
2 material presented to some investors included a brochure with the name "Trend Group"
3 but is unaware if sales materials presented by Easy Street personally included a brochure
4 with the name "Trend Group."

5 82. Regarding Paragraph 82 of the Notice, TMG denies due to insufficient
6 information whether EASY STREET salespeople failed to disclose the risk of investment
7 in the Trend Capital Certificates of Participation, including, but not limited to: reduced
8 debt recovery margins, increased costs to acquire consumer debt, limited ability to transfer
9 the security, the illiquidity of the investment, that TREND MANAGEMENT was a new
10 company with limited resources, that TREND CAPITAL was a new company with limited
11 resources, that if debt recovery parameters were inaccurate the company may not realize
12 projected earnings, or and that a weak economy could adversely affect the entity's ability
13 to recover consumer debt. TMG affirmatively alleges that the debt portfolio purchase and
14 collection program into which it entered has, at all times, performed as it was expected to
15 have performed, that every dividend or return that was supposed to be paid to Trend
16 Capital, based upon the investment Trend Capital made in TMG was timely made, that,
17 when Herndon apparently ceased paying Trend Capital investors, TMG took it upon itself
18 to begin to make payments directly to those individuals to whom Herndon had stated, in
19 writing, were supposed to receive quarterly distributions, and the same occurred until
20 TMG realized that the group of people claiming to have made investments in Trend
21 Capital had allegedly handed Trend Capital as much as \$3,000,000 in excess of the
22 amounts that Trend Capital had invested in TMG.

23 83. Regarding Paragraph 83 of the Notice, TMG admits that, in February,
24 2004, its U.S. Bank Trust officer informed TMG that EASY STREET salespeople were
25 allegedly making untrue statements of material fact in indicating that the investment in the
26 TREND CAPITAL Certificates of Participation was guaranteed by US Bank.

27 84. Regarding Paragraph 84 of the Notice, TMG denies due to insufficient
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1 information whether Some EASY STREET clients who invested in the TREND
2 CAPITAL Certificates of Participation believed that that investment was actually a high
3 interest rate CD but affirmatively alleges that over the course, of time, it has learned that
4 some Trend Capital investors did represent that they thought they were buying CDs.

5 85. Regarding Paragraph 85 of the Notice, TMG denies due to insufficient
6 information whether on April 3, 2003, the State of California, Department of Corporations
7 issued an Order in the matter of Damon George, Easy Street Financial Group, Inc.
8 (California) Randall Keith Ward, Christopher E. Marx, and Easy Street Financial Group,
9 Inc. (Arizona) to desist and refrain from offering securities in the form of certificates of
10 deposit whose yield includes a bonus paid by a non-FDIC insured entity (the "California
11 Order"). EASY STREET failed to disclose the California Order to investors.

12 IV.

13 VIOLATION OF A.R.S. § 44-1841

14 (Offer or Sale of Unregistered Securities)

15 86. Regarding Paragraph 86 of the Notice, TMG admits that from May 1, 2001
16 until at least November 1, 2004, TREND MANAGEMENT offered or sold exempt
17 securities in the form of stock, within or from Arizona, affirmatively alleges that the stock
18 was exempt from actual registration pursuant to Regulation D, and denies the balance of
19 the allegations.

20 87. Regarding Paragraph 87 of the Notice, TMG admits that the securities
21 referred to above were not registered pursuant to the provisions of Articles 6 or 7 of the
22 Securities Act, affirmatively alleges that TMG thought that the minimal Arizona Blue-Sky
23 paperwork required to have been filed had been filed by Campbell-Mello Associates.

24 88. Regarding Paragraph 88 of the Notice, TMG denies knowingly having
25 violated A.R.S. § 44-1841 and alleges that, to the extent that the statute attempts to impose
26 strict liability for unknowing acts, it violates the due process clause of the 14th
27 Amendment to the United States Constitution made applicable to the States through the 5th
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1 Amendment and is, or should be, declared unconstitutional.

2 **VIOLATION OF A.R.S. § 44-1841**

3 **(Offer or Sale of Unregistered Securities)**

4 89. Regarding Paragraph 89 of the Notice, TMG denies that from at least as
5 early as September 9, 2003 until at least September 30, 2005, TREND MANAGEMENT,
6 TREND CAPITAL or SCOTT BOGUE offered or sold securities in the form of an
7 investment contract and/or a participation in a profit sharing arrangement, and/or an
8 evidence of indebtedness in TREND CAPITAL, LLC, within or from Arizona and
9 affirmatively alleges that TMG had nothing to do with the activities of Trend Capital
10 except having received Trend Capital investments in TMG. Trend Capital was the
11 investor in TMG. Trend Capital clients were investors in Trend Capital.

12 90. Regarding Paragraph 90 of the Notice, TMG denies due to insufficient
13 information whether the securities referred to above were not registered pursuant to the
14 provisions of Articles 6 or 7 of the Securities Act, as these were Trend Capital securities
15 and none of TMG's business. TMG affirmatively alleges that Herndon had told Bogue
16 that Trend Capital had lawyers who had seen to it that whatever qualifications Trend
17 Capital needed to meet in order to sell investments in Arizona had been met.

18 91. Regarding Paragraph 91 of the Notice, TMG denies due to insufficient
19 information whether this conduct violates A.R.S. § 44-1841.

20 **VI.**

21 **VIOLATION OF A.R.S. § 44-1841**

22 **(Offer or Sale of Unregistered Securities)**

23 92. Regarding Paragraph 92 of the Notice, TMG denies due to insufficient
24 information whether from at least as early as January 5, 2004 until at least October 7,
25 2004, EASY STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY
26 offered or sold securities in the form of an investment contract and/or a participation in a
27 profit sharing arrangement, and/or an evidence of indebtedness in TREND CAPITAL,
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1 LLC, within or from Arizona.

2 93. Regarding Paragraph 93 of the Notice, TMG denies due to insufficient
3 information whether the securities referred to above were not registered pursuant to the
4 provisions of Articles 6 or 7 of the Securities Act.

5 94. Regarding Paragraph 94 of the Notice, TMG denies due to insufficient
6 information whether this conduct violates A.R.S. § 44-1841.

7 **VII.**

8 **VIOLATION OF A.R.S. § 44-1841**

9 **(Offer or Sale of Unregistered Securities)**

10 95. Regarding Paragraph 95 of the Notice, TMG denies due to insufficient
11 information whether beginning in approximately February 2005 until at least September
12 30, 2005, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A.
13 LINDA JORDAN-VAN VRANKEN) individually and doing business as THE TREND
14 GROUP, INC. offered or sold securities in the form of an investment contract and/or a
15 participation in a profit sharing arrangement, and/or an evidence of indebtedness in
16 TREND CAPITAL, LLC, within or from Arizona.

17 96. Regarding Paragraph 96 of the Notice, TMG denies due to insufficient
18 information whether the securities referred to above were not registered pursuant to the
19 provisions of Articles 6 or 7 of the Securities Act.

20 97. Regarding Paragraph 97 of the Notice, TMG denies due to insufficient
21 information whether this conduct violates A.R.S. § 44-1841.

22 **VIII.**

23 **VIOLATION OF A.R.S. § 44-1842**

24 **(Transactions by Unregistered Dealers or Salesmen)**

25 98. Regarding Paragraph 98 of the Notice, TMG admits that from at least as
26 early as May 1, 2001 until at least November 1, 2004, TREND MANAGEMENT and
27 SCOTT RENNY BOGUE, SR. offered or sold exempt securities under Regulation D in the
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1 form of stock within or from Arizona, while not registered as a dealer pursuant to the
2 provisions of Article 9 of the Securities Act.

3 99. Regarding Paragraph 99 of the Notice, TMG restates its response to ¶ 88,
4 as if fully set forth herein, as it respects Subsection 1842.

5 **IX.**

6 **VIOLATION OF A.R.S. § 44-1842**

7 **(Transactions by Unregistered Dealers or Salesmen)**

8 100. Regarding Paragraph 100 of the Notice, TMG denies that from at least as
9 early as September 9, 2003 to at least until September 30, 2005 TREND MANAGEMENT
10 and SCOTT RENNY BOGUE, SR. offered or sold securities in the form of an investment
11 contract and/or a participation in a profit sharing arrangement, and/or an evidence of
12 indebtedness in TREND CAPITAL, LLC, within or from Arizona, while not registered as a
13 dealer pursuant to the provisions of Article 9 of the Securities Act. The balance of the
14 allegations are denied due to insufficient information.

15 101. Regarding Paragraph 101 of the Notice, TMG denies due to insufficient
16 information whether this conduct violates A.R.S. § 44-1842.

17 **X.**

18 **VIOLATION OF A.R.S. § 44-1842**

19 **(Transactions by Unregistered Dealers or Salesmen)**

20 102. Regarding Paragraph 102 of the Notice, TMG denies due to insufficient
21 information whether from at least February 2005 until at least September 30, 2005,
22 LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA
23 JORDAN-VAN VRANKEN) individually and doing business as THE TREND GROUP,
24 INC., offered or sold securities within or from Arizona, while not registered as a dealer
25 pursuant to the provisions of Article 9 of the Securities Act.

26 103. Regarding Paragraph 103 of the Notice, TMG denies due to insufficient
27 information whether this conduct violates A.R.S. § 44-1842.
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XI.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

104. Regarding Paragraph 104 of the Notice, TMG denies due to insufficient information whether from at least as early as January 5, 2004 until at least October 7, 2004, EASY STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN OGLESBY offered or sold securities within or from Arizona, while not registered as a dealer pursuant to the provisions of Article 9 of the Securities Act.

105. Regarding Paragraph 105 of the Notice, TMG denies due to insufficient information whether this conduct violates A.R.S. § 44-1842.

XII.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

106. Regarding Paragraph 106 of the Notice, TMG denies that, in connection with the offer or sale of securities within or from Arizona, TREND MANAGEMENT GROUP and SCOTT RENNY BOGUE, SR. directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; and/or (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. TMG denies the allegations set forth as acts or badges of fraud alleged in subparagraphs a), c), d), e) and f), affirmatively alleges that Campbell Mello Associates prepared the PPM and was aware of the order in Pennsylvania and made a decision, upon TMG reasonably relied, as to what was required to be disclosed and that, further, such disclosure was not, under the facts, material. TREND MANAGEMENT GROUP and SCOTT RENNY BOGUE, SR.'s and affirmatively alleges that the Division is proceeding bad faith in pursuing such allegations as against these

Respondents as to these claims and that, to the extent that the Division can be sanctioned for so proceeding, it should be sanctioned. TMG affirmatively alleges that it disclosed the following:

Risk Factors

1. *Trend Management Group, Inc. is committed and fully dependent on the services of a selected subcontractor for the acquisition and recovery of distressed consumer debt, and cannot expect to achieve business objectives should subcontractor performance not meet acceptable levels of efficiency and timelines.*

Trend Management Group will use the services of a selected subcontractor for all debt acquisition, negotiations, selection and purchase, debt recovery, and resale of unrecovered debt. Because of significant termination penalty payable to the selected subcontractor in the event Trend Management Group, Inc. should determine a change in subcontractor to be advisable, the company cannot reasonably expect to meet business objectives or profitability goals should a change in subcontractor be necessary or undertaken. Subcontractors may reasonably be expected to provide same or similar services to other companies (competitors) in the distressed consumer debt industry and, therefore, Trend Management Group, Inc. is further dependent on the selected subcontractor as to the quality, and equitable and non-discretionary performance of services rendered.

2. *The high level of competition in the distressed consumer debt market may result in debt acquisition pressures, reduced debt recovery margins, and increased costs to acquire and recover consumer debt at margins consistent with Trend Management Group, Inc.'s business model.*

Trend Management Group, Inc. will operate in an extremely competitive market. Debt acquisition pressures resulting from such competition may include the cost and quality of acquired consumer debt, with direct effect on recoverability margins. Trend Management Group's business model is based upon defined costs for consumer debt acquisition, as well as specific recovery margins projected for debt acquired. Where competitive pressures may impact debt acquisition costs and recovery margins, Trend Management Group's business objectives may be significantly impacted. Investors should thoroughly evaluate the business strategies and plans as set forth by Trend Management Group within this Prospectus, to understand whether these plans and strategies are sufficient to compete favorably within such a competitive marketplace. With the absence of any recent operational history, the company cannot assure investors that either business strategies or operations will provide sufficient profit margins.

3. *Investors will have only extremely limited ability to execute security transfers of trusted securities.*

Investors will have extremely limited access to securities held in trust pending completion of the minimum offering sales requirement. Trusted securities can only be transferred under

1 limited circumstances. No transfer or other disposition of the trusted securities is permitted
2 other than by will or the laws of descent and distribution, or under a qualified domestic
3 relations order as defined by the Internal Revenue Code of 1986 as amended, or Title 7 of the
4 Employee Retirement Income Security Act, or the related rules. It is unlawful for any person
5 to sell or offer to sell securities or any interest in or related to the securities held in the trust
6 account other than under a qualified domestic relations order in divorce proceedings.
7 Therefore, any and all contracts for sale to be satisfied by delivery of the securities and sales
8 of derivative securities to be settled by delivery of the securities are prohibited. Investors are
9 further prohibited from selling any interest in the securities or any derivative securities
10 whether or not physical delivery is required.

- 11
12 4. *Investors will not have access to their funds for a period of at least thirty-six months from the*
13 *purchase date of securities.*

14
15 Investors in this offering shall have the right to request redemption of shares purchased after thirty-six
16 (36) months have expired from the date of purchase. Investors in this offering will not have access to their funds
17 for the period of 36 months required for the redemption right.

- 18 5. *Investors may lose a substantial portion of their investment if Trend Management Group*
19 *does not achieve sufficient consumer debt recovery to meet acquisition and servicing costs.*
20 Trend Management Group acquires, services, and sells consumer receivables that the
21 borrowers have failed to pay and the sellers have charged off. Originating institutions
22 generally have made numerous attempts to collect on these obligations. Further collection on
23 these receivables may be difficult, and Trend Management Group may not recover sufficient
24 amounts to meet acquisition or servicing costs. Trend Management Group will maintain an
25 allowance for losses on receivables held, but there can be no assurance that the allowance
26 will cover the costs of all defaults. The acquisition, collection and selling of distressed
27 consumer debt is subject to other uncertainties, including the significant amount of time
28 elapsed between expenditure of funds for acquisition and receipt of proceeds recovered or the
determination of defaults encountered.

6. *Trend Management Group, Inc. is a new company with extremely limited resources, and is*
dependent upon the proceeds from this offering to continue as a going concern for a
reasonable period of time

Trend Management Group's continuance as a going concern is dependent upon its ability to
generate sufficient cash flow and meet obligations on a timely basis. Trend Management
Group has very limited capital resources and has no basis to expect that sufficient funds will
be attained through the planned offering. Trend Management Group is a new company and
has no historical basis to expect that revenues will be generated by planned efforts. In the
event that inadequate funds are attained through the planned offering or that planned efforts
fail to generate revenues, Trend Management Group may not be expected to continue as a
going concern for any reasonable period of time.

1 7. *Trend Management Group, Inc. will be unable to effectively achieve business objectives in a*
2 *reasonable timeframe if management priorities or time to other interests are in conflict with*
3 *priorities or time required for the interests of Trend Management Group.*

4 The president of Trend Management Group, Inc. is also president of another company in the
5 same business and industry. Conflicts of interest may arise as to priorities and time required
6 for the interests of Trend Management Group, which could impact such areas as; personnel
or subcontractor selection, and consumer debt receivables selection and acquisition. The
extent of debt recovery and/or profits experienced by the competing companies could cause
conflicts as to time and resources to further invest in either business interest.

7 8. *The company will not be able to achieve initial profitability in a reasonable timeframe if*
8 *management and employees of the company are required to devote substantial time to other*
9 *interests, in conflict with time required for the interests of the company.*

10 The management and employees of the company currently devote substantial time to other
11 interests; either individually or through businesses in which they may have an interest,
12 notwithstanding the fact that time may be necessary to the business of the company. The
13 company does not currently have any full-time employees; each employee maintaining
interests elsewhere until the company can achieve profitable operations and support full-time
employment. As a result, certain conflicts of interest may arise between the company and its
employees that may not be readily susceptible to resolution, and will be resolved only
through the exercise of good judgment, as is consistent with commitment to the development,
establishment, and profitability of the company.

14 9. *Trend Management Group, Inc. is a new company and is an investment risk because of*
15 *significantly limited operations to date.*

16 Trend Management Group, Inc. was incorporated in the State of Nevada on February 15,
17 2001. Trend Management Group is in the development stage and has had significantly
18 limited operations to date and has no historical basis to expect that sufficient revenues will be
generated by the planned efforts. Trend Management Group, Inc. has no established basis to
assure investors that business strategies will be successful.

19 10. *The company will not be able to fully implement its business strategy unless sufficient funds*
20 *are raised in this offering, which could prevent the company from achieving the level of*
21 *profitability needed to meet business objectives.*

22 Trend Management Group, Inc. is a new company and is entirely dependent on the proceeds
23 of this offering in order to implement its business plans. There can be no assurance that the
company will realize sufficient proceeds to fully implement its business plans, and to provide
adequate cash flow for projected salaries, operational expenses, and other costs. In such
event, investors could lose a substantial portion or their entire cash investment.

24 11. *Trend Management Group may not realize projected earnings if debt recovery parameters*
25 *used by Trend Management Group are inaccurate and adversely impact future earnings.*

26 In accounting for some receivables portfolios, Trend Management Group, Inc. makes certain
27 estimates and assumptions. If recoveries on portfolios in future periods were less than what
28 was projected, a charge to earnings in future periods would reduce earnings for such periods.
For example, defaults under contracts would affect future period earnings projections.

1 12. *Trend Management Group, Inc. may not realize expected profits if a weak economy*
2 *adversely impacts the ability to recover consumer debt.*

3 Trend Management Group, Inc. can offer no assurance that recoveries on consumer
4 receivables acquired for liquidation would not worsen in a weak economic cycle. If actual
5 recoveries are less than projected when the portfolio was purchased, Trend Management
6 Group's financial position, liquidity, and results of operations could be adversely affected.
7 Delinquencies, defaults, repossessions and losses generally increase during periods of
8 economic recession and could cause a decline of value in outstanding loans, weakening
9 collateral coverage, and increasing the possibility of an event of default. Any sustained
10 period of economic weakness could increase delinquencies or defaults and adversely impact
11 the ability to recover consumer debt.

12
13 a) TMG denies that it made any representations at all to EASY STREET
14 salespeople, including those alleged.

15 b) TMG has already responded to the allegations regarding the Pennsylvania
16 Order.

17 c) TMG denies falsely represented to investors that the TREND
18 MANAGEMENT preferred stock was a security that was exempt from registration.
19 TMG's offering was exempt from registration under Regulation D but was still required to
20 meet minimal notice requirements under Arizona Blue Sky laws. TMG hired Campbell
21 Mello Associates to perform that task and, at all material times, believe that it had done so.

22 d) TMG denies that it failed to disclose risks of investment including, but not
23 limited to: reduced debt recovery margins, increased costs to acquire consumer debt,
24 limited ability to transfer the security, the illiquidity of the investment, that TREND
25 MANAGEMENT was a new company with limited resources, that TREND CAPITAL
26 was a new company with limited resources, that if debt recovery parameters were
27 inaccurate the company may not realize projected earnings, and that a weak economy
28 could adversely affect the entity's ability to recover consumer debt and affirmatively
alleges that, as the Division had the above reprinted materials directly in front of it when it
crafted the allegations, it should be sanctioned for having made the allegations in the face
of what it knew the facts to be.

1 e) TMG affirmatively alleges that it could not have disclosed to investors that
2 some of the proceeds of the investments would be used for a personal loan to RYAN
3 JAMES HERNDON because there was, at the time, no intent to make such a loan and
4 affirmatively alleges that, since Herndon was permitted to take salaries and bonuses far in
5 excess of the loan (which he did not take), that any such failure was immaterial.
6

7 f) TMG affirmatively alleges that it could not have disclosed to investors that
8 some of the proceeds of the investments would be used for a personal loan to SCOTT
9 RENNY BOGUE, SR. because there was, at the time, no intent to make such a loan and
10 affirmatively alleges that, since Herndon was permitted to take salaries and bonuses far in
11 excess of the loan (which he did not take), that any such failure was immaterial.

12 107. Regarding Paragraph 107 of the Notice, TMG denies that its conduct
13 violates A.R.S. § 44-1991.

14 XIII.

15 VIOLATION OF A.R.S. § 44-1991

16 (Fraud in Connection with the Offer or Sale of Securities)

17 108. Regarding Paragraph 108 of the Notice, TMG denies due to insufficient
18 information whether in connection with the offer or sale of securities within or from
19 Arizona, TREND CAPITAL and RYAN JAMES HERNDON directly or indirectly: (i)
20 employed a device, scheme or artifice to defraud; (ii) made untrue statements of material
21 fact or omitted to state material facts which were necessary in order to make the statements
22 made not misleading in light of the circumstances under which they were made; and (iii)
23 engaged in transactions, practices or courses of business which operated or would operate as
24 a fraud or deceit upon offerees and investors or whether TREND CAPITAL and RYAN
25 JAMES HERNDON' S conduct included, but was not limited to, the following:

26 a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE,
27 SR.
28

b) Failed to disclose to investors that some of the proceeds of the investments would be used for a personal loan to RYAN JAMES HERNDON.

c) Failed to disclose risks of investment including, but not limited to: reduced debt recovery margins, increased costs to acquire consumer debt, limited ability to transfer the security, the illiquidity of the investment, that TREND MANAGEMENT was a new company with limited resources, that TREND CAPITAL was a new company with limited resources, that if debt recovery parameters were inaccurate the company may not realize projected earnings, and that a weak economy could adversely affect the entity's ability to recover consumer debt.

d) Failed to disclose to investors that some of the proceeds of the investments would be used for a personal loan to SCOTT RENNY BOGUE, SR.

e) Misrepresented to investors of the nature and character of the investment.

f) Failed to provide investors with financial information regarding TREND CAPITAL or TREND MANAGEMENT.

109. Regarding Paragraph 109 of the Notice, TMG denies due to insufficient information whether this conduct violates A.R.S. § 44-1991.

XIV.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

110. Regarding Paragraph 110 of the Notice, TMG denies due to insufficient information whether in connection with the offer or sale of securities within or from Arizona, LINDA BRYANT JORDAN (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) d/b/a as THE TREND GROUP, directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; and (iii)

1 engaged in transactions, practices or courses of business which operated or would operate as
2 a fraud or deceit upon offerees and investors or whether LINDA BRYANT JORDAN
3 (A.K.A. LINDA VAN VRANKEN A.K.A. LINDA JORDAN-VAN VRANKEN) d/b/a
4 THE TREND GROUP's conduct included, but was not limited to, the following:

5 a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE,
6 SR.

7 b) Made false statements to investors regarding the security of their investment.

8 c) Failed to disclose risks of investment including, but not limited to: reduced
9 debt recovery margins, increased costs to acquire consumer debt, limited ability to transfer
10 the security, the illiquidity of the investment, that TREND MANAGEMENT was a new
11 company with limited resources, that TREND CAPITAL was a new company with limited
12 resources, that if debt recovery parameters were inaccurate the company may not realize
13 projected earnings, and that a weak economy could adversely affect the entity's ability to
14 recover consumer debt.

15 d) Failed to disclose to investors that some of the proceeds of the investments
16 would be used for a personal loan to RYAN JAMES HERNDON.

17 e) Failed to disclose to investors that some of the proceeds of the investments
18 would be used for a personal loan to SCOTT RENNY BOGUE, SR.

19 111. Regarding Paragraph 111 of the Notice, TMG denies due to insufficient
20 information whether this conduct violates A.R.S. § 44-1991.

21 **XV.**

22 **VIOLATION OF A.R.S. § 44-1991**

23 **(Fraud in Connection with the Offer or Sale of Securities)**

24 112. Regarding Paragraph 112 of the Notice, TMG denies due to insufficient
25 information whether in connection with the offer or sale of securities within or from
26 Arizona, EASY STREET, CHRISTOPHER ELLIS MARX and SCOT ALAN
27 OGLESBY directly or indirectly: (i) employed a device, scheme or artifice to defraud;
28

1 (ii) made untrue statements of material fact or omitted to state material facts which were
2 necessary in order to make the statements made not misleading in light of the
3 circumstances under which they were made; and/or (iii) engaged in transactions, practices
4 or courses of business which operated or would operate as a fraud or deceit upon offerees
5 and investors or whether EAST STREET, CHRISTOPHER ELLIS MARX and SCOT
6 ALAN OGLESBY'S conduct included, but was not limited to, the following:

7 a) Failed to disclose the Pennsylvania Order against SCOTT RENNY BOGUE,
8 SR.

9 b) Failed disclose the State of California's Order against MARX.

10 c) Failed to disclose the State of California's Order against EASY STREET.

11 d) Failed to disclose risk of loss of the investment to investors.

12 e) Failed to disclose lack of due diligence in investigation of TREND
13 CAPITAL and TREND MANAGEMENT.

14 f) Failed to provide investors with any financial information regarding TREND
15 CAPITAL or TREND MANAGEMENT.

16 g) Misrepresented to investors of the nature and character of the investment.

17 h) Failed to disclose risks of investment including, but not limited to: reduced
18 debt recovery margins, increased costs to acquire consumer debt, limited ability to transfer
19 the security, the illiquidity of the investment, that TREND MANAGEMENT was a new
20 company with limited resources, that TREND CAPITAL was a new company with limited
21 resources, that if debt recovery parameters were inaccurate the company may not realize
22 projected earnings, and that a weak economy could adversely affect the entity's ability to
23 recover consumer debt.

24
25 113. Regarding Paragraph 113 of the Notice, TMG denies due to insufficient
26 information whether this conduct violates A.R.S. § 44-1991.

27 114. Regarding Paragraph 114 of the Notice, TMG denies that SCOTT RENNY
28

1 BOGUE, SR. directly or indirectly controlled persons and/or of any entities involved in this
2 matter within the meaning of A.R.S. § 44-1999, with the sole exception of TREND
3 MANAGEMENT GROUP, INC. SCOTT RENNY BOGUE, SR. is liable to the same
4 extent as TMG for violations of A.R.S. § 44-1991 but denies that either are liable for such
5 violations and affirmatively alleges that, as against TMG, the Division has brought these
6 allegations in bad faith..
7

8 115. Regarding Paragraph 115 of the Notice, TMG denies due to insufficient
9 information whether RYAN JAMES HERNDON directly or indirectly controlled persons
10 and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to
11 TREND MANAGEMENT GROUP, INC. and TREND CAPITAL, LLC., or whether
12 RYAN JAMES HERNDON is liable to the same extent as the controlled entities for their
13 violations of A.R.S. § 44-1991.

14 116. Regarding Paragraph 116 of the Notice, TMG denies due to insufficient
15 information whether CHRISTOPHER ELLIS MARX directly or indirectly controlled
16 persons and/or entities within the meaning of A.R.S. § 44-1999, including but not limited
17 to EASY STREET FINANCIAL GROUP, INC., or whether CHRISTOPHER ELLIS
18 MARX is liable to the same extent as the controlled entity for its violations of A.R.S. § 44-
19 1991.

20 117. Regarding Paragraph 117 of the Notice, TMG denies due to insufficient
21 information whether SCOT ALAN OGLESBY directly or indirectly controlled persons
22 and/or entities within the meaning of A.R.S. § 44-1999, including but not limited to EASY
23 STREET FINANCIAL GROUP, INC., or whether SCOT ALAN OGLESBY is liable to
24 the same extent as the controlled entity for its violations of A.R.S. § 44-1991.

25 118. Regarding Paragraph 118 of the Notice, TMG denies being jointly or
26 severally liable for the sales of anything by any entity or individual in this case except
27 Bogue or TMG and specifically deny being joint and severally liable with the other
28

1 RESPONDENT ENTITIES and RESPONDENTS for the sale, by any or all of them, of
2 Trend Capital securities. TMG is not jointly and severally liable for the above violations of
3 A.R.S. §§ 44-1841, 44-1842, and 44-1991.
4

5 **XVI.**

6 **REQUESTED RELIEF**

7 In response to the Division's request for relief against TMG, Respondents request
8 that the Commission dismiss the complaint and deny the Division's request for relief.

9 **XVII.**

10 **HEARING OPPORTUNITY**

11 Respondents previously filed a request for hearing.

12 **XVII.**

13 **AFFIRMATIVE DEFENSES**

14 Respondents reserve the right to assert any and all affirmative defenses available
15 under Rule 8(c), Ariz. R. Civ. P., including assumption of risk, contributory negligence,
16 duress, estoppel, failure of consideration, payment, release, statute of limitations and labor,
17 Respondents presently submit the following affirmative defenses:

18 1. For their first affirmative Defense, Respondents allege that the alleged
19 investors did not rely, reasonably or otherwise, on any alleged misrepresentation of
20 Respondents.

21 2. For their second affirmative Defense, Respondents allege that they did not
22 know, and in the exercise of reasonable care, could not have known, of certain untrue
23 statements or material omissions.

24 3. For their third affirmative Defense, Respondents allege that they did not act
25 with the requisite scienter.
26
27
28

4. For their fourth affirmative Defense, Respondents allege that they did not initially employ a deceptive or manipulative device in connection with the purchase or sale of any security.

5. For their fifth affirmative Defense, Respondents allege that they did not make any misrepresentation or omissions, material or otherwise.


6. For their sixth affirmative Defense, Respondents allege that the violations, if any, of the Securities Act, were proximately caused and contributed to by the improper conduct or intervening acts of the other persons or entities named as Respondents in the Order and/or other third persons who were not named in this action as parties.

7. For their seventh affirmative Defense, Respondents allege that they acted in good faith and did not directly or indirectly induce the conduct at issue.

WHEREFORE, Respondents request that the Commission dismiss this action in its entirety against these Respondents, that they be awarded their costs and attorneys' fees, and any other relief that it believes is just and proper.

DATED this 31st day of October, 2006.

HARPER, CHRISTIAN, DICHTER & GRAIF, P.C.

By 
Stephen M. Dichter

Stephen M. Dichter

Nathan D. Meyer

2700 North Central Avenue, Suite 1200

Phoenix, Arizona 85004

Attorneys for Scott and Arlene Bogue and Trend Management Group, Inc.

ORIGINAL and thirteen copies
of the foregoing hand-delivered this
31st day of October, 2006, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

CERTIFICATE OF SERVICE

I hereby certify that I have, this 31st day of October, served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid, to:

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Hearing Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

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